EDUCATION INDICATORS IN FOCUS

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Transition from school to work: How hard is it across different age groups?

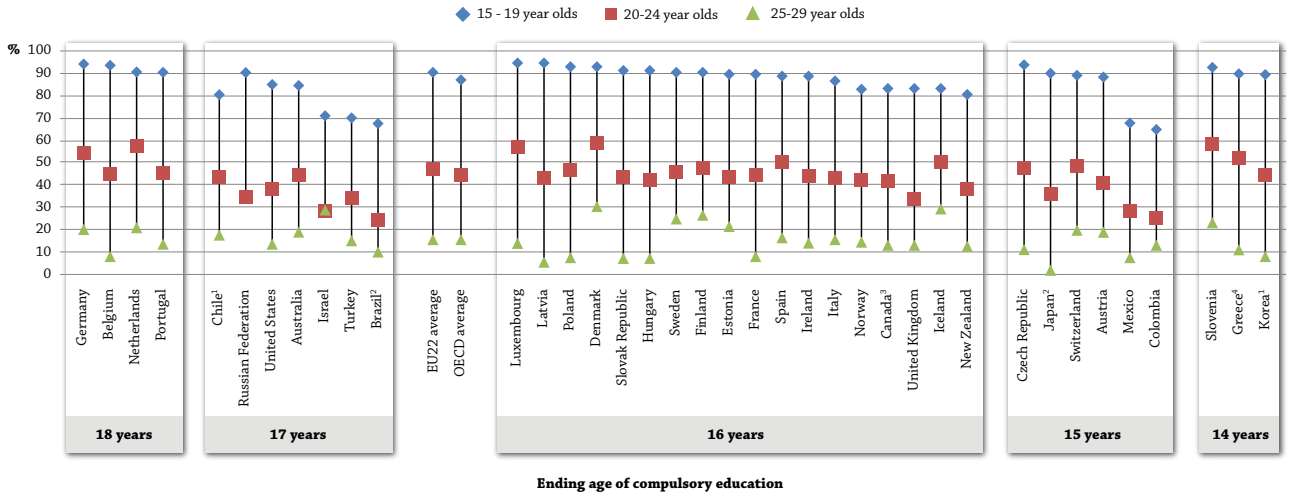
- **Most people in OECD countries make the transition from education to work between the ages of 20 and 24, but 13% of 15-19 year-olds have already left school.**
- **The transition from school to work is more difficult for young people without upper secondary education. On average across OECD countries, 36% of 20-24 year-olds who were neither employed nor in education or training (NEET) have not attained upper secondary education, compared with only 18% of people in that age group who were employed.**
- **Young people who are still in education have higher literacy and numeracy skills. The difference in skills between those who are in education and those who are not is equivalent to about 2.5 additional years of education.**

The transition from school to work can be a difficult period for many young people. This period is often characterised by spells of unemployment and temporary contracts. There were estimated to be about 5 million 15-19 year-olds who were neither employed nor in education or training (NEET) across all OECD countries in 2015, equivalent to 6% of the population of that age. Being NEET is not only difficult for those who are in that situation, it also implies that the skills acquired during education are not used and might deteriorate over time if they are not put to use in further education or employment. As a result, the investment in the education of young people who are NEET is not generating any returns as they increase public welfare expenses. It is therefore important to ensure that all young people leave school with the range of skills they need to be successful and fulfil their maximum potential in the labour market (OECD, 2015a).

Among 15-19 year-olds, 13% have already left education

On average across OECD countries, 87% of 15-19 year-olds are in education but the proportion is lowest in Brazil, Colombia, Costa Rica, Israel, Mexico and Turkey, which have enrolment rates of 74% or less (Figure 1). On average across OECD countries, the share decreases to 45% among 20-24 year-olds and to 16% among 25-29 year-olds. This implies that most people make the transition from education to work between the ages of 20 and 24, but it also indicates that 13% of 15-19 year-olds have already left education.

Figure 1. **Percentage of the population in education, by ending age of compulsory education and age group (2015)**



1. Reference year 2013 instead of 2015.
2. Reference year 2014 instead of 2015.
3. Ending age of compulsory education is 16-18 years.
4. Ending age of compulsory education is 14-15 years.

Countries are ranked in descending order of the ending age of compulsory education and percentage of 15-19 year-olds in education.

Source: OECD (2016), *Education at a Glance Database. http://stats.oecd.org/.*

The age when people make the transition from school to work is associated with the duration of compulsory education – a policy measure applied in all OECD countries to ensure that young people stay in education until a certain age to develop the necessary skills for successful integration in the labour market. Comparing the age when compulsory education ends with the share of 15-19 year-olds in education across countries can provide some insight into the relative effectiveness of these measures. For example, in Greece, Korea and Slovenia, the enrolment rates of 15-19 year-olds are 90% or over despite the fact that compulsory education ends at 14 years old, the lowest across OECD countries (OECD, 2016a). In contrast, Chile is one of the OECD countries with the highest upper age of compulsory education (18 years old) but the enrolment rate of 15-19 year-olds is 81%, suggesting that dropout rates are high. This signals that compulsory education by itself does not guarantee people will stay longer in the education system. To be effective, compulsory education should be accompanied by measures identifying and supporting students at risk of dropping out.

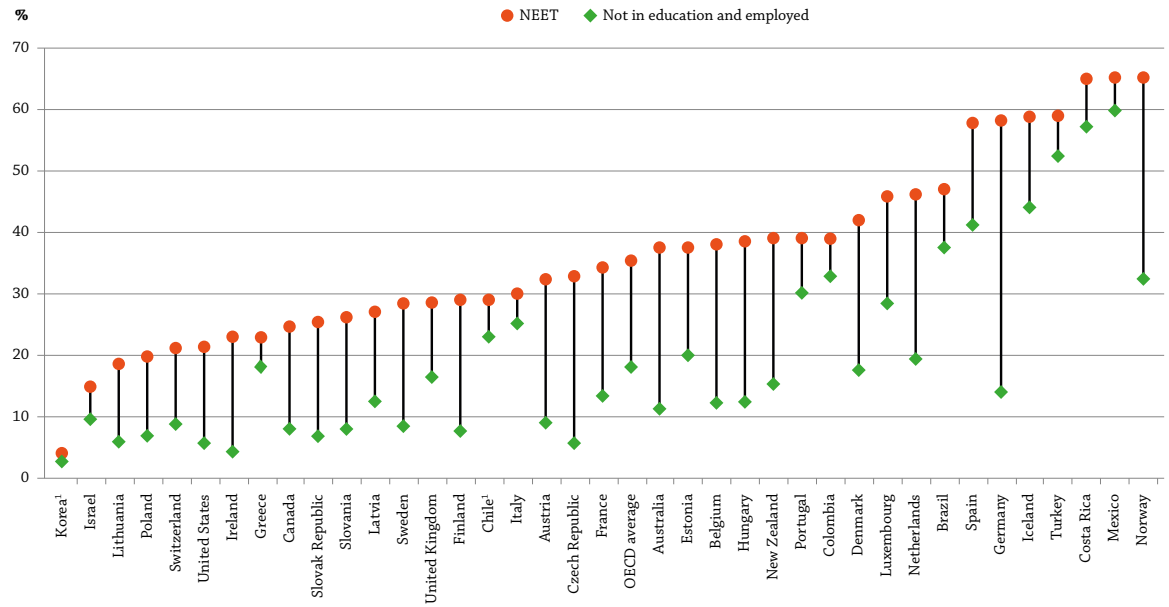
Low educational attainment is a good predictor of difficulties in entering the labour market

Education and skills are key to employability and these days an upper secondary qualification is often considered to be the minimum for successful labour market entry and continued employability (OECD, 2015b). Young people who leave the education system before obtaining an upper secondary qualification thus face high unemployment risks. On average across OECD countries, about half of 15-19 year-olds not in education have not attained an upper secondary education qualification; the respective share is 23% among 20-24 year-olds and 18% among 25-29 year-olds (OECD, 2016b).

In all OECD countries, 20-24 year-olds are beyond the typical age of graduation from general upper secondary education, meaning that those who are not in education and have not completed upper secondary education could mainly do so through second-chance programmes. Figure 2 shows that on average across OECD countries, 36% of 20-24 year-old NEETs have not attained upper secondary education, while the percentage is about half that among those who are employed (18%). The largest gap is observed in Germany and Norway with a difference of more than 30 percentage points between the two groups. In contrast, in Greece, Israel, Italy, Korea and Mexico, the difference is at or below 5 percentage points. This may be explained by more homogenous educational attainment in those countries and by a labour market with a large base of low-skilled workers.

These figures suggest that it is much more difficult for young people without upper secondary education to find work and to re-enter education. It is important to look at the situation of younger people to prevent them from dropping out of school. For those who

Figure 2. **Percentage of 20-24 year-olds without an upper secondary qualification among NEETs and those who are not in education and employed (2015)**



1. Reference year 2013 instead of 2015.
Countries are ranked in ascending order of the percentage of 20-24 year-old without an upper secondary qualification among NEETs.
Source: OECD (2016), *Education at a Glance Database, http://stats.oecd.org/.*

dropped out, it is essential to facilitate their re-engagement in further education and training and help them in their quest for a job. Among the 13% of 15-19 year-olds who have left education, only 49% have found employment, 17% are unemployed and 34% are inactive (i.e. not actively looking for employment).

Many countries have managed to encourage young people with low attainment to stay in or go back to education

Given the difficulties young people without upper secondary education face in entering employment, many countries have made efforts to keep young people without an upper secondary qualification longer in the education system or to bring them back through second-chance programmes designed to encourage young people to re-enter education.

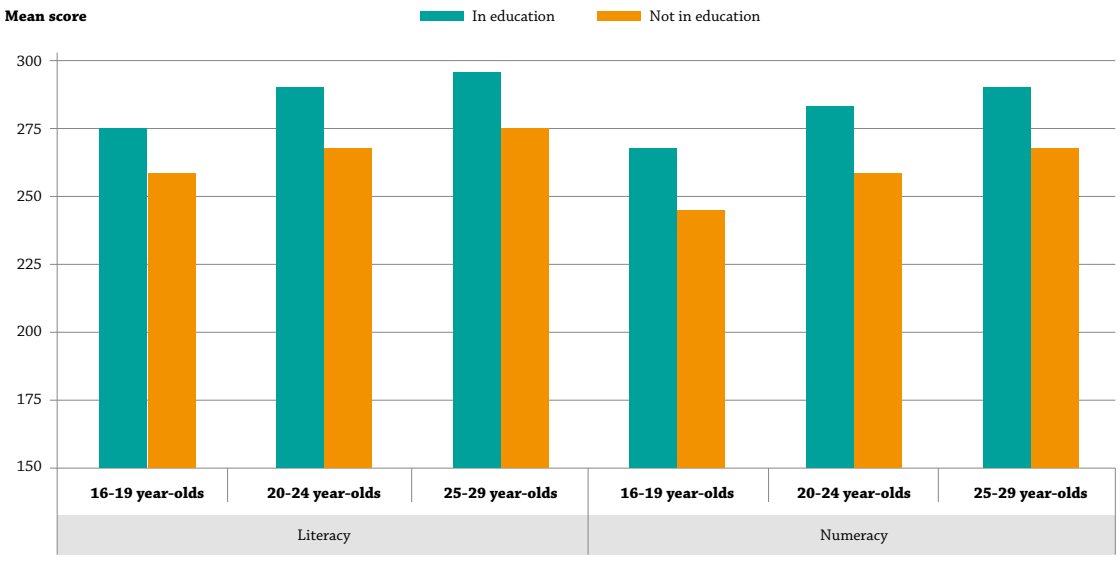
This is reflected in the increase of the share of young people with low attainment who are still in education. Between 2006 and 2015 the enrolment rate among 15-29 year-olds without upper secondary education increased from 64% to 70% on average across OECD countries. In Australia, Greece, Ireland, Israel, Italy, Portugal, Spain, Turkey and the United Kingdom the rate has increased by more than 10 percentage points over this period, while in a small number of countries including the Czech Republic, Denmark, Finland, Germany Hungary, Poland, Slovenia and Sweden the percentage remained unchanged. In Estonia and the Slovak Republic the share of 15-29 year-olds without an upper secondary qualification still in education fell by about 5 percentage points, meaning that their education systems were not able to retain more low-skilled adults in the system in 2015 than in 2006 (OECD, 2016b).

Many countries have been successful in not only encouraging more people to re-enter education, but also keeping them in education until graduation. Across OECD countries, the percentage of young people graduating from upper secondary education has increased from 80% to 85% between 2005 and 2014 (OECD, 2016a).

Education assures continuous skills development

Employers can be reluctant to hire young people because of their lack of work experience, so degrees and certificates help them make their choice when recruiting. Hiring people with higher degrees usually represents a guarantee of higher skills. Figure 3 is based on data from the Survey of Adult Skills, a product of the OECD Programme for the International Assessment of Adult Competencies (PIAAC), and shows that across all age groups surveyed, those who are in education have mean literacy and numeracy scores that are at least 18 points higher than those who are not in education.

Figure 3. **Mean literacy and numeracy score, by age and education status (2012 or 2015)**



Note: See OECD (2013), *OECD Skills Outlook 2013: First Results from the Survey of Adult Skills* for more information on the interpretation of the literacy and numeracy score.
Source: OECD (2012, 2015), *Survey of Adult Skills (PIAAC)*, www.oecd.org/skills/piaac/publicdataandanalysis.



This is particularly problematic for the 16-19 year-olds who face the biggest labour market challenges: those in education have literacy and numeracy skills equivalent to about 2.5 additional years of education compared to those not in education. This can be explained by a selection effect, where the most skilled people tend to stay in education while those with lower skills enter the labour market or become NEET. It is also worth noting that the skills gap remains statistically significant even when educational attainment is accounted for, suggesting that the difference in skill levels can also be explained by a process of rapid de-skilling when skills are not put to use in employment.

When making the transition from school to the labour market, young individuals can face different situations, each of which should be paired with a specific policy response. On average across OECD countries, among the 55% of 20-24 year-olds who have left education 69% are employed, 14% are unemployed and 17% are inactive (OECD, 2016b). Those who are entering employment can find it challenging to develop and transfer the skills they have acquired in education to their new job. Close co-operation between schools and employers through end-of-study internships or work-study programmes can help to equip students with the right set of skills for the labour market and can contribute to smoothing the transition between school and work. Training opportunities in the workplace, mentoring and reverse mentoring should be encouraged to ensure that skills are not degrading or underutilised on the labour market. For those who are unemployed, job-search assistance can prevent demotivation. Finally, the inactive population includes those who have stopped looking for a job because they believe that there are no job-opportunities for them, the so-called "discouraged workers" (Eurofound, 2016). This is a particularly problematic category because such people fall outside all social supervision and coaching systems and disappear off the radar of educational and social policy. It is crucial to identify the different groups and to tailor policies that will re-engage them in education or in the labour market in order to tackle social exclusion.

The bottom line: The transition from school to work can be a difficult period associated with spells of unemployment. Data show that those who leave school early have comparatively low skills and low educational attainment and face the greatest challenges in the labour market compared to their peers who stayed in education longer. Efforts should be made to ensure that people remain in education until they complete at least upper secondary education – considered the minimum threshold for successful entry into the labour market. Remaining in education not only leads to higher educational attainment, but also fosters the skills needed to ensure a successful transition into the labour market.

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